



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1726

Introduced 2/22/2007, by Rep. Thomas Holbrook

SYNOPSIS AS INTRODUCED:

20 ILCS 3405/40 new
35 ILCS 5/218 new

Amends Historic Preservation Agency Act and the Illinois Income Tax Act. Requires the Historic Preservation Agency to authorize an income tax credit to taxpayers who incur eligible costs and expenses for rehabilitation of a certified historic structure or a structure in a certified historic district. Sets forth procedures and criteria for authorizing the credits. Provides that the aggregate amount of all credits that the Department may authorize in any calendar year may not exceed \$40,000,000. Requires that 50% of the credits must be reserved for those rehabilitation projects incurring eligible costs and expenses of \$1,000,000 or less and 25% must be reserved for those rehabilitation projects incurring eligible costs and expenses of \$50,000 or less. Provides that the credit may be carried forward for 2 years. Exempts the credit from the Act's sunset provisions. Effective immediately.

LRB095 11219 BDD 31662 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning taxes.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Historic Preservation Agency Act is amended
5 by adding Section 40 as follows:

6 (20 ILCS 3405/40 new)

7 Sec. 40. Authorizations of historic preservation credits.

8 (a) The Agency shall authorize an income tax credit to
9 taxpayers who incur eligible costs and expenses for
10 rehabilitation of a certified historic structure or a structure
11 in a certified historic district. The amount of the credit that
12 may be authorized to a taxpayer by the Agency under this
13 Section is an amount equal to 25% of the eligible costs and
14 expenses incurred in the taxable year. The Agency shall develop
15 and make available a standardized application pertaining to the
16 allocation of tax credits under this Section. The Department
17 must accept applications and authorize credits on an ongoing
18 basis. The Department must make public, by June 1 and by
19 December 1 of each year, the total number of requests for tax
20 credits and the total amount of requested tax credits that have
21 been submitted and awarded.

22 (b) The aggregate amount of all credits that the Agency may
23 authorize in any calendar year under this Section may not

1 exceed \$40,000,000. Of the annual amount available for tax
2 credits, 50% must be reserved for those rehabilitation projects
3 incurring eligible costs and expenses of \$1,000,000 or less and
4 25% must be reserved for those rehabilitation projects
5 incurring eligible costs and expenses of \$50,000 or less. If,
6 by September 1 of any year, any percentage of credits that is
7 reserved under this subsection is not allocated, then the
8 remaining amount is available for other applicants.

9 (c) If the Agency receives applications for tax credit in
10 excess of the amount available, then the applications must be
11 prioritized by the date that the Agency received them. If the
12 number of applications exceeds the amount of annual tax credits
13 available, then the Agency must establish a wait list for the
14 next year's allocation of tax credits, and applications must
15 first be funded in the order listed on that wait list.

16 (d) For the purposes of this Section:

17 "Eligible costs and expenses" are those expenses that
18 exceed 50% of the federal tax basis of the property and that
19 meet the requirements for qualified rehabilitation
20 expenditures as defined under Section 47(c)(2)(A) of the
21 Internal Revenue Code.

22 "Rehabilitation" includes only those rehabilitations that
23 meet the standards of the Secretary of the United States
24 Department of the Interior for rehabilitation, as determined by
25 the Agency.

1 Section 10. The Illinois Income Tax Act is amended by
2 adding Section 218 as follows:

3 (35 ILCS 5/218 new)

4 Sec. 218. Historic Preservation Tax Credit.

5 (a) For taxable years ending on or after December 31, 2007,
6 each taxpayer for whom a tax credit has been authorized by the
7 Historic Preservation Agency under Section 40 of the Historic
8 Preservation Agency Act, is entitled to a credit against the
9 tax imposed under subsections (a) and (b) of Section 201 in an
10 amount equal to the amount authorized under that Section.

11 (b) For partners, shareholders of Subchapter S
12 corporations, and owners of limited liability companies, if the
13 liability company is treated as a partnership for purposes of
14 federal and State income taxation, there is allowed a credit
15 under this Section to be determined in accordance with the
16 determination of income and distributive share of income under
17 Sections 702 and 704 and Subchapter S of the Internal Revenue
18 Code.

19 (c) The credit may not be carried back and may not reduce
20 the taxpayer's liability to less than zero. If the amount of
21 the credit exceeds the tax liability for the year, the excess
22 may be carried forward and applied to the tax liability of the
23 2 taxable years following the excess credit year. The tax
24 credit must be applied to the earliest year for which there is
25 a tax liability. If there are credits for more than one year

1 that are available to offset a liability, the earlier credit
2 shall be applied first.

3 (d) This Section is exempt from the provisions of Section
4 250.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.